



## **2020 Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains**

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## **I. INTRODUCTION**

Apple is committed to treating everyone with dignity and respect and to protecting the planet we all share. As people around the world continue to face many challenges related to the COVID-19 pandemic, our work to respect human rights and provide opportunities for people across our supply chain has never been more important.

Apple's supply chain is large and complex, with thousands of suppliers and companies around the world contributing to our products. We define our supply chain very broadly, from the places where our suppliers source their raw materials, to the design, engineering, manufacturing, and recycling of our products, to logistics, sales, and support functions, including services supporting Apple Retail Stores and AppleCare.

The California Transparency in Supply Chains Act of 2010 requires certain companies to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale. The UK Modern Slavery Act 2015 requires certain commercial organizations to prepare and publish a slavery and human trafficking statement for the financial year describing the steps, if any, the organization has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

This 2020 Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains (the "Statement") reflects Apple's progress during 2020 and our ongoing efforts to identify, mitigate, prevent, and remedy human trafficking, slavery, servitude, or forced, compulsory, or involuntary labor, and the Worst Forms of Child Labor (as defined by International Labour Organization ("ILO") standards) in our supply chain and our own operations.

The term "Apple" as used in this Statement refers collectively to Apple Inc. and its subsidiaries, including Apple Europe Limited, Apple (UK) Limited and Apple Retail UK Limited, whose financial years ended September 26, 2020.

For the purposes of the UK Modern Slavery Act 2015, this Statement is made on behalf of Apple Europe Limited, Apple (UK) Limited and Apple Retail UK Limited.

## **II. APPLE ANTI-HUMAN TRAFFICKING POLICIES**

### **Apple's Management Oversight of Anti-Human Trafficking Policies**

Apple maintains a robust governance structure and internal management system to enforce compliance with our policies to prevent human trafficking and the use of involuntary labor, and to implement supply chain human rights due diligence programs.

Apple Inc.'s Board of Directors oversees its Chief Executive Officer and other senior management in the competent and ethical operation of Apple on a day-to-day basis. A number of cross-functional teams are responsible for carrying out related efforts with respect to Apple's anti-human trafficking policies, including, but not limited to, our Global Security, Business Conduct, and Supplier Responsibility ("SR") teams. The Global Security team sits within Apple's Legal and Global Security organization and seeks to identify, mitigate, and prevent risks, including human trafficking risks, across Apple and our supply chain. The Business Conduct team also sits within Apple's Legal and Global

Security organization and sets policies and provides guidance to ensure that Apple conducts business ethically, honestly, and in full compliance with applicable laws and regulations.

The SR team sits in Apple's World Wide Operations organization and coordinates activities related to the Apple Supplier Code of Conduct ("Code") and the related Apple Supplier Responsibility Standards ("Standards"), and leads our strategy and programs to eradicate modern slavery. The SR team works across a number of Apple business groups, teams, and functions, including, but not limited to, Apple's Global Security Investigations and Child Safety team, Business Conduct, Legal, Finance, Product Design, Procurement, Manufacturing Operations, Environment, and Retail. Apple teams regularly consult with senior management to review progress and update ongoing strategies.

### **Apple's Human Rights Policy**

Respecting human rights and putting people first inform Apple's values and guide our business decisions. Our Human Rights Policy governs how we treat everyone—from our customers and teams, to our business partners and people at every level of our supply chain. It also makes clear our commitment to respecting internationally recognized human rights throughout our business operations, as set out in the United Nations ("UN") International Bill of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. Our approach is based on the UN Guiding Principles on Business and Human Rights ("UNGPs"). The full policy is available on [apple.com/investor](https://apple.com/investor) among our Governance Documents or via this link: [https://s2.q4cdn.com/470004039/files/doc\\_downloads/gov\\_docs/Apple-Human-Rights-Policy.pdf](https://s2.q4cdn.com/470004039/files/doc_downloads/gov_docs/Apple-Human-Rights-Policy.pdf).

The Human Rights Policy is referenced in Apple's Business Conduct Policy and included in the annual Business Conduct training required of all employees. Additional information about our ethics and compliance programs, including training, can be found at <https://www.apple.com/compliance>.

### **Apple's Anti-Human Trafficking Policies**

Apple's Anti-Human Trafficking Policy, which is incorporated into Apple's Business Conduct Policy, strictly prohibits human trafficking and the use of involuntary labor in our business and supply chain. The Business Conduct Policy applies to all employees, and the principles of Honesty, Respect, Confidentiality, and Compliance that are set out in the policy apply to independent contractors, consultants, and others who do business with Apple, when providing goods or services to Apple or doing business on our behalf. The Business Conduct Policy applies to every business decision in every area of the company worldwide.

If employees know of a possible violation of Apple's Business Conduct Policy or legal or regulatory requirements, including a possible violation of Apple's Anti-Human Trafficking Policy, they are required to notify their manager, the People Team, Legal, or Business Conduct. Failure to comply with Apple's Business Conduct Policy, or failure to report a violation, may result in disciplinary action up to and including termination of employment.

### *Child Protection and Law Enforcement*

We are dedicated to protecting children wherever our products are made or used. Apple's Global Security Investigations and Child Safety team supports implementation of our robust policies focused on child protection at all levels of our software platforms and services, and throughout our supply chain. As part of this commitment, Apple uses image matching technology to help find and report child exploitation. Much like spam filters in email, our systems use electronic signatures to find suspected child exploitation. We validate each match with individual review by an Apple employee. Accounts with child exploitation content violate our terms and conditions of service, and any accounts we find with this material are immediately disabled.

Apple has a law enforcement training program to educate law enforcement on how to request data from Apple to assist with investigations. Thousands of law enforcement officials around the world have participated in this training course. In addition, in 2020 Apple launched an online law enforcement training module that law enforcement officials can participate in remotely. Apple sponsors the Crimes Against Children Conference annually. Apple is also a member of the Internet Watch Foundation and The Technology Coalition, organizations dedicated to eradicating online child abuse.

### *App Store Review Guidelines*

Pursuant to Apple's App Store Review Guidelines, apps offered on the App Store must comply with all legal requirements in any location where made available. Apps that solicit, promote, or encourage criminal or clearly reckless behavior are rejected. In extreme cases, such as apps that are found to facilitate human trafficking or the exploitation of children, Apple will notify the appropriate authorities.

### **Apple's Supplier Code of Conduct and Supplier Responsibility Standards**

Suppliers are required to operate in accordance with the Apple Code and Standards, and in full compliance with all applicable laws and regulations. Each year, we release a progress report that details our suppliers' performance in meeting our requirements, available at <https://www.apple.com/supplier-responsibility/>.

Suppliers are also required to apply our requirements to their sub-contractors, next-tier suppliers, and third-party recruitment agencies, through all levels of the supply chain. If a supplier is unwilling or unable to meet our requirements, the supplier risks removal from Apple's supply chain.

Apple's Code and Standards were established in 2005 and draw upon internationally recognized rights and standards, including the UN International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UNGPs, and the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Due Diligence Guidance"). Our Code is published in 15 languages, and both our Code and Standards are publicly available at

<https://www.apple.com/supplier-responsibility/pdf/Apple-Supplier-Code-of-Conduct-and-Supplier-Responsibility-Standards.pdf>.

The Standards supplement our Code and provide additional clarity regarding Apple's requirements. Apple suppliers must meet these Standards to be in compliance with the Code. The Standards include broad coverage of human rights topics, including anti-discrimination and abuse, prevention of underage labor, juvenile and student worker protections, working hours management, wages, benefits, and contracts, freedom of association and collective bargaining, and the responsible sourcing of materials. In addition, our Standards include detailed sections covering anti-modern slavery-related requirements. Those include the prevention of involuntary labor, provisions related to third-party employment agencies, and foreign contract worker protections (collectively, the "Prevention of Modern Slavery Standards"). Apple's Prevention of Modern Slavery Standards state, "Supplier shall not traffic persons or use any form of slave, forced, bonded, indentured, or prison labor."

In 2012, we extended the application of our Code and Standards to our services suppliers, including AppleCare contact centers, logistics, and repair centers. Since 2015, our Code and Standards have applied to Apple's retail supply chain and suppliers that provide janitorial and other services to Apple Stores worldwide. In 2018, we took steps to further strengthen implementation at the initial labor recruitment stage by mapping high-risk labor migration corridors for foreign contract workers in our supply chain, and began directly engaging with labor agents in sending and receiving countries. In 2019, we continued expanding our engagement beyond manufacturing to include new services providers that support our operations to ensure compliance with our Code and Standards.

In 2020, we updated our Code and Standards to include a new standard on infectious disease preparedness and response, and expanded our requirements regarding suppliers' materials sourcing and labor recruitment practices. Specifically, Apple suppliers shall not have manufacturing operations in, recruit labor directly or indirectly from, or source materials, products, or services directly or indirectly from regions where Apple and third-parties cannot access and conduct comprehensive, independent evaluations of their suppliers' compliance with Apple's Code and Standards.

Further, each year, Apple analyzes third-party sustainability standards and maps those against risk criteria such as labor and human rights, health and safety, Indigenous peoples' rights, and environmental protection. This analysis informs Apple's understanding of which third-party sustainability standards align with our internal requirements and where we can further strengthen our Code and Standards.

### **III. EVALUATING RISKS IN OUR SUPPLY CHAIN (VERIFICATION)**

Identifying risks in our global supply chain is the first step to eliminating those risks through improvements to our policies and strategies, and through collaborative capability-building with our suppliers. Our efforts to identify, mitigate, prevent, and remedy human rights risks align with the Business and Human Rights Due Diligence process set forth in the UNGPs.

First, we identify salient human rights risks through our robust assessment processes, as well as by participating in industry-level third-party audits. Apple selects suppliers for assessment based on a number of factors, including geographic risk, previous audit performance, manufacturing process risks, and planned spending.

We also identify salient human rights risks through our own risk analysis and through the channels we maintain with key rights-holders, stakeholders, and partners. These include supplier employee interviews and surveys, consultations with human rights, labor, and environmental experts, expert groups we convene on specialized or emerging human rights topics, UN and U.S. government labor and human rights reporting and consultations, media reports, the results of our supplier assessments, discussions with supplier management teams, and risk reports received through our partners around the world.

In addition to our own internal monitoring, risk reports come to us from civil society organizations, news outlets, people in the supply chain or supply chain communities, local whistleblower mechanisms, and third-party hotlines. They also come through the reporting mechanisms we make available directly to all supplier employees, Apple employees, and the general public. These reports can come to us in any language and can be anonymous.

When we receive a report about an Apple supplier through any of these channels, we conduct a thorough investigation and may also dispatch on-site independent investigation teams. If a violation is discovered, a corrective action plan is immediately put in place, requiring violations to be remediated within 90 days.

### **Evaluating the Risk of Debt-Bonded Labor**

We believe that no one should have to pay to get a job, which is why we have worked for over a decade to eradicate debt-bonded labor from our supply chain. Of the millions of people who work throughout our supply chain, a small percentage are Foreign Contract Workers (“FCWs”) who choose to leave their home countries to seek employment abroad, and who may be vulnerable to debt-bonded labor as a result.

Debt-bonded labor is a form of modern slavery that occurs when a person is forced to work in order to repay a debt or other obligation. It can also involve the withholding of personal identity documents, making it impossible for the person to leave their job.

In 2019, we continued mapping our labor supply chain in greater detail to better understand the movement of FCWs and to identify which geographic corridors created the most risk and vulnerabilities for FCWs entering our supply chain. As part of this mapping process and risk analysis, we also used publicly available information including the United States Department of State Trafficking in Persons Report. The results of this effort inform our debt-bonded labor risk analysis, and help us prioritize supplier sites for audit selections and modern slavery eradication capability-building programs.

In 2020, we conducted a risk-based mapping of FCWs and labor agencies in our supply chain. Tracing backwards from FCWs in our supply chain, we identified labor agencies in 10 countries that intersect with our supply chain at 400 supplier facilities. We used this information to help identify supplier sites with the highest debt-bonded labor risks.

We also use this information to engage with the identified FCW labor agencies to provide targeted training and capability-building on modern slavery and debt-bonded labor eradication, detailed in Section V, “Training and Capability-Building.”

### **Evaluating the Risk of Forced Labor**

Apple has zero tolerance for forced labor and it is prohibited by our Code and Standards. Looking for the presence of forced labor is part of every supplier assessment, and any violations of our policies carry immediate consequences, up to and including our termination of our business relationship with a supplier. These protections apply across our supply chain, regardless of a person’s job or location.

We reviewed our worldwide manufacturing supply chain for forced labor risks, including final assembly and test partners around the world. In 2020, despite the challenges and travel restrictions due to COVID-19, we were able to have independent, third-party assessments conducted at supplier sites in multiple countries, and the teams verified key documentation, investigated hiring practices and conducted extensive interviews with workers in local languages. In 2020, there were no findings of forced or debt-bonded labor in Apple’s supply chain.

### **Increased Human Rights and Labor Risks Associated with COVID-19 Pandemic**

The pandemic has left no country or community untouched. Throughout this challenging period, Apple’s first priority has been protecting people.

From the outset, we worked with our suppliers to develop and execute a plan that puts the health of people first. Thousands of Apple employees worked tirelessly to execute that plan in partnership with our suppliers around the world, to allow people to return to work safely — because everyone has the right to a safe and healthy workplace.

We worked with suppliers around the world on a range of protections suited to the circumstances in each country, including health screenings, limiting density, and ensuring strict adherence to social distancing in their facilities. We require the use of personal protective equipment — both during work and in all common areas — and have worked together to implement enhanced deep cleaning protocols, and to distribute masks and sanitizers.

Apple teams also partnered with suppliers to redesign and reconfigure factory floor-plans where needed, and to implement flexible working hours — including staggered work shifts — to maximize personal space. In implementing these measures, we worked closely with leading medical and privacy experts to develop advanced health and safety protocols.

With reference to guidance developed by leading organizations and human rights experts including the ILO, International Organization for Migration (“IOM”), UN Global Compact, and OECD, we issued the Apple Labor and Human Rights COVID-19 Guidance to suppliers. The guidance was sent to all suppliers, highlighting key labor and human rights protections that must be upheld at all times, but are of even more importance during a pandemic.

This guidance included standards related to wages and working hours, sick leave, discrimination, and non-retaliation. The communication took special care to address the needs of groups most vulnerable during this time, with a specific focus on migrant workers through increased due diligence with respect to use of third-party agencies for labor recruiting. This included requirements for providing information to workers in their primary language, reorganizing living arrangements to allow for adequate social distancing, and for permitting and providing for the safe return of migrants to their countries of origin, if needed.

In addition to the many initiatives Apple has funded to support communities and people in our supply chain impacted by COVID-19, we funded the further development of “atun”, a free app for workers seeking support and credible information who may have been displaced or lost their incomes as a result of the COVID-19 crisis. The app is a collaboration, led by Labor Solutions, between a consortium of civil society organizations, business, and the ILO Better Work Program, and is available to workers throughout the Asia region.

### **Materials Supply Chain Due Diligence**

Apple does not directly purchase or procure raw minerals from mine sites, but we conduct robust due diligence on the source and custody chain of minerals in our global supply chain. Our responsible minerals sourcing programs are informed by and designed to conform in all material respects with OECD Due Diligence Guidance. Our Code and Standards require our suppliers to conduct due diligence on smelters and refiners in their supply chains to identify a broad range of risks beyond conflict, including social, environmental, and human rights risks.

In addition to minerals, we also map other high-risk materials in our supply chain. Based on a number of factors, we have prioritized 14 materials that would benefit from transitioning to recycled or renewable sources first. More information can be found at [https://www.apple.com/environment/pdf/Apple\\_Material\\_Impact\\_Profiles\\_April2019.pdf](https://www.apple.com/environment/pdf/Apple_Material_Impact_Profiles_April2019.pdf).

Apple believes that empowering independent voices in our supply chain is critical to identifying, assessing, and remedying risks related to human trafficking and involuntary labor, including modern slavery. The initiatives below have both assisted with the identification of existing and emerging risks while also providing solutions at an industry level.

- Apple helped to develop and utilizes the Responsible Minerals Initiative’s (“RMI”) Minerals Grievance Platform ([mineralsgrievanceplatform.org](https://mineralsgrievanceplatform.org)), an industry-wide platform for screening and addressing grievances linked to smelters and refiners. Through the platform, industry organizations and C4ADS (a non-profit independent third-party organization) screen and conduct due diligence on filed grievances. Industry organizations then work with third party audit programs to address the grievances and share evidence of closure with C4ADS. A summary of the outcome is then provided via the platform to participants. In addition, any applicable public statements are shared on the grievance platform website. This collaboration increases transparency, consistency, and accountability in how allegations concerning smelters and refiners are identified, addressed, and resolved.



- In 2020, Apple continued to support the Fund for Global Human Rights to support human rights, labor, and environmental defenders in the Democratic Republic of Congo (“DRC”) working on a range of rights issues. Those issues include economic and social rights of mining communities, inclusive economic growth, judicial advocacy, environmental justice, the rule of law, as well as health, safety, and fair compensation for mining communities. Apple also provided funding to the independent non-profit organization IMPACT, to develop an impact measurement framework based on the UN Sustainable Development Goals. This effort aims to harmonize the measurement of socio-economic and environmental protection impacts of projects in Artisanal and Small-Scale Mining (“ASSM”) communities.
- In 2020, Apple again provided significant funding to Pact Inc., an international development non-governmental organization (“NGO”), to deliver rights awareness programs to miners, youth, and community officials in ASSM communities in the DRC. These programs were designed to raise awareness on a range of human rights issues. To date, Pact has reached over 200,000 people with rights awareness based programs.
- Through our work on the Governance Committee of the Public Private Alliance for Responsible Minerals Trade (“PPA”), a multi-sector initiative supporting the ethical production, trade, and sourcing of minerals from the African Great Lakes region, Apple traveled to the DRC and Rwanda with a PPA delegation in 2019. In 2020 we continued to build on learnings from that delegation to further strengthen and inform our minerals due diligence programs.
- In 2020 Apple continued to support the International Tin Association’s International Tin Supply Chain Initiative (“ITSCI”), an upstream traceability and due diligence program monitoring tin, tantalum, and tungsten mines across the African Great Lakes region. We also continued to provide financial support to ITSCI’s independent whistleblowing mechanism in the DRC, which enables people in and around mining communities in seven provinces of the DRC to place anonymous voice calls, send SMS messages in local languages, and otherwise raise concerns related to mineral extraction, trade, handling, and exporting via local networks.

## **IV. AUDITS IN OWN BUSINESS AND SUPPLY CHAIN**

### **Internal Monitoring**

Apple has robust systems and processes in place for receiving and investigating potential violations of our policies. Apple employees are able to lodge complaints through a dedicated helpline, via email, online, or by phone. Reports can also be submitted anonymously through an independently-managed, third-party helpline, Ethicspoint, available 24 hours a day, seven days a week in 20 languages. Employees can access the service through local toll-free numbers provided on our website and through Ethicspoint’s website. All reports are assessed and investigated, as appropriate. More information can be found at <https://secure.ethicspoint.com/domain/media/en/gui/48987/index.html>.

In addition, we conduct internal and third-party independent assessments of our compliance programs to ensure they are effective, and make changes to our policies and our training to reflect emerging trends. Apple's Chief Compliance Officer provides regular updates to the Audit and Finance Committee of the Board of Directors. For more information, see <https://www.apple.com/compliance/>.

## **Supply Chain Audits**

Assessments, also known as audits, are an important tool that provide a snapshot of a supplier's performance, and help us to prioritize our capability-building and engagement programs.

Because they only represent one moment in time, we believe audits alone are not sufficient, and we engage many other methods of holding suppliers accountable to our Code and Standards, including direct engagement with rights-holders, labor experts, UN agencies, governments, and NGOs.

We select suppliers for assessment based on a number of factors, including geographic risk, previous audit performance, manufacturing process risks, and planned spending. We also take into account reports and concerns brought to us by internal teams, external stakeholders, and NGOs.

We take third-party allegations concerning our suppliers very seriously. Reports can come from many sources, including civil society organizations, news outlets, people in the supply chain, and anonymous reports through the channels we make available to supplier employees and the public. Thorough investigations are conducted and violations are remedied.

Directly engaging rights-holders through worker interviews is an integral part of our assessment process. In 2020, we interviewed over 57,000 supply chain workers, and over 34,000 follow-up phone calls were made to verify zero-retaliation against those workers for participating in interviews during our assessments. In addition, we anonymously surveyed over 196,000 workers in 135 supplier facilities across China, India, Ireland, UK, U.S., and Vietnam — nearly quadruple the number of workers surveyed in 2019. We asked supplier employees to provide feedback on different aspects of their workplace, including their working conditions, living conditions, and management. As a result of these surveys, suppliers took 3,173 actions to address their employees' feedback.

In addition to regular, pre-scheduled assessments, we also conduct unannounced audits. These surprise assessments encourage our suppliers to continue to meet our standards at all times, not just during scheduled visits.

In 2020, a total of 1,121 assessments were conducted across manufacturing sites, smelters and refiners, and service providers, including those that support AppleCare and Apple Retail. Apple-managed assessments covered a cumulative total of 94 percent of Apple's supplier spend based on assessments conducted since 2007. Of the 842 Code and Standards compliance assessments conducted, 15 percent were initial assessments where we visited facilities for the first time. We conducted 107 unannounced assessments and investigations where the supplier facility was provided

no advance notice. Beyond manufacturing facilities, we assessed 35 AppleCare Contact Centers, and 14 logistics centers in 22 countries.

In 2019, we further supplemented our own assessment protocols for Apple production lines with the Responsible Business Alliance's ("RBA") Validated Assessment Program ("VAP"), a facility-wide third-party assessment widely used by the industry. A total of 87 RBA VAP assessments were completed in 2020 at Apple supplier sites.

Detailed analysis of our suppliers' performance against our Code and Standards appears in our annual Supplier Responsibility Progress Report, available at <https://www.apple.com/supplier-responsibility/>.

## Responsible Procurement Audits

Through our responsible procurement program, we assess new suppliers before they are awarded our business and enter our supply chain. A dedicated team in Apple's Product Operations group uses a supplier selection framework that includes comprehensive review of human rights and modern slavery risks, including debt-bonded labor. In 2020, 11 percent of prospective suppliers evaluated were prevented from entering our supply chain.

## Janitorial Supplier Audits

Since 2015, our Code and Standards have been applied to our retail supply chain, specifically janitorial suppliers and other service providers to Apple retail stores.

### Janitorial Supplier Audits



## Specialized Debt-Bonded Labor Audits

Apple has a zero-tolerance policy that prohibits workers from paying any fees connected to their labor recruitment and/or employment at any of our suppliers, even if those fees fall within the legal limits of the supplier's operating country. In 2008, we made debt-bonded labor a Core Violation (the most serious level of violation, described below) of our Code and limited permissible fees to one month's wages. In 2015, we

instituted our zero-fee policy and mandated that suppliers directly repay any and all recruitment fees back to workers in cases of violations. Since 2008, US\$32.4 million in recruitment fees have been directly repaid to 36,980 foreign contract workers by our suppliers.

To further strengthen implementation of our Prevention of Modern Slavery Standards, we conduct specialized debt-bonded labor audits in certain high-risk environments, including high-risk labor migration corridors and in areas where employment of foreign contract workers typically occurs. Since 2019, specialized debt-bonded labor assessments were conducted in Taiwan, Thailand, Japan, Singapore, Malaysia, and the United Arab Emirates. The purpose of these assessments is to identify and verify that no fees were paid by foreign contract workers at any point during their labor recruitment process, and to identify gaps in procedures for recruiting, contracting, and managing foreign contract workers. Each audit includes verification of documents from suppliers and labor agents, as well as interviews with labor agents and foreign contract workers.

Directly engaging rights-holders through worker interviews is an integral part of our specialized debt-bonded labor assessments. Workers who participate in these interviews are selected to build a representative sample of workers' countries of origin, labor agencies, on-boarding dates, work positions, work shifts, and gender. Interviews are conducted without supplier management present and in the employees' native language(s). After interviews, workers are given a contact number so they have the opportunity to securely and confidentially provide additional feedback to Apple, including anything they consider to be retaliatory or unethical behavior. We encourage workers to report any retaliation to us, and we follow up to address and remediate any reported issues.

#### Milestones in the elimination of debt-bonded labor in our supply chain:

##### Debt-bonded labor progress



#### Minerals Supply Chain Audits

In 2010, we were one of the first companies to map minerals in our supply chain from supplier manufacturing sites back to the smelter and refiner level for tin, tantalum, tungsten, and gold ("3TG"). In 2014, we started mapping our cobalt supply chain. We

use independent, third-party audits to assess risks at smelter and refiner sites. In 2020, 100 percent of our identified 3TG, cobalt, and lithium smelters and refiners participated in independent third-party audits, which go beyond conflict to assess human rights risks in their minerals supply chains.

As of December 31, 2020—for the sixth straight year—100 percent of identified smelters and refiners in our supply chain for all applicable Apple products manufactured during calendar year 2020 participated in an independent third-party conflict minerals audit program for 3TG. These audits encompassed the identified smelters and refiners that provide materials for the following Apple product categories: iPhone®, Mac®, iPad®, AirPods®, Apple TV®, Apple Watch®, Beats® products, HomePod®, iPod touch®, Apple Card™, and all Apple accessories.

Since 2009, Apple has directed the removal of 146 3TG smelters and refiners from our supply chain (a total of seven tantalum, 41 tin, 16 tungsten, and 82 gold smelters and refiners). In 2020, we removed seven smelters and refiners that were not willing to participate in or complete a third-party audit, or that did not otherwise meet Apple's requirements for the responsible sourcing of minerals.

### **Addressing Code Violations and Remedy**

If we find violations of our Code or Standards during an assessment, we partner with the supplier to develop a corrective action plan, build the supplier's capabilities, and make the required improvements. Corrective action plans require suppliers to resolve all identified issues within 90 days, and include sustained onsite and remote coaching, training, and/or toolkit implementations. Beyond addressing the violation, suppliers must also make changes in their management system that address the root causes of the violation. To retain our business, they must also take and sustain preventive measures to ensure the violation does not reoccur. After the supplier has made the necessary improvements, we verify the completion of each item in the corrective action plan before finalizing and closing the assessment.

Core Violations are the most serious level of violation of our Code. These include cases of underage or involuntary labor, human trafficking, document falsification, or intimidation of, or retaliation against, workers for participating in assessments. Suppliers are required to immediately remediate any Core Violation.

When a Core Violation is identified, the supplier's Chief Executive Officer is notified, and the supplier is immediately placed on probation. Probation is the period beginning when a Core Violation is discovered by Apple, and ending when Apple determines the supplier has completed all corrective actions. Examples of consequences resulting from probation include receiving no new projects, no new business, and the termination of existing business with Apple.

Beyond immediately addressing the Core Violation, suppliers must also make changes in their management system that address the root causes of the violation, take and sustain preventive measures to ensure the violation does not reoccur, and provide remedy to affected workers in line with the UNGPs.

If a supplier is unwilling or unable to meet our requirements, the supplier risks removal from Apple's supply chain.

After 15 years of engagement and capability-building with our suppliers, Core Violations of our Code in procurement and manufacturing have become increasingly uncommon.

### *Examples of Remedy*

Below are examples of these remediation processes as they relate to modern slavery. We continue to report transparently on violations and supplier performance each year in our Supplier Responsibility Progress Report, available at <https://www.apple.com/supplier-responsibility/>.

When we discover violations of debt-bonded labor, we require suppliers to provide direct remedy to affected workers. Since 2008, US\$32.4 million in recruitment fees have been repaid to 36,980 foreign contract workers by our suppliers.

Reimbursement amounts are based on the range of fees identified through worker interviews and cross-verification with applicable labor agencies or the supplier. The average of the total self-reported fees is taken per category as outlined in our Standards. Fee categories are outlined in detail in our Prevention of Modern Slavery Standards, available at <https://www.apple.com/supplier-responsibility/pdf/Apple-Supplier-Code-of-Conduct-and-Supplier-Responsibility-Standards.pdf>.

If there is a dispute on the fee scope, amount, or date of repayment, Apple engages directly with the supplier to address the discrepancy and enforce repayment to impacted workers. Finally, we conduct verification of all repayments through third-party auditors.

The use of underage labor is also a Core Violation of our Code. If underage labor is discovered, specialized third-party assessors are brought in for an in-depth review, and the supplier is required to immediately and safely return the underage individual to his or her home. Educational opportunities are presented to the underage individual and his or her guardians. The supplier is required to pay all tuition and educational fees, and to continue to pay the individual's wages that would have been earned at the supplier facility until the individual reaches legal working age.

Follow-up is conducted to verify the individual's overall well-being both at school and at home. Once the individual reaches legal working age, the supplier is also required to offer the individual employment.

Based on the reduction in age-related violations over the last decade, our efforts have driven significant progress in this area. In 2019, we discovered one case of underage labor, and in 2020 there were no supplier violations related to underage workers in our supply chain.

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#### Underage labor corrective action process



**Violation identification**  
Apple assessor and third-party auditor identify underage labor violation



**Return home**  
Supplier is required to immediately provide safe passage home to underage individual



**Wages paid**  
Supplier is required to continue to pay wages to underage individual until he or she reaches legal working age



**Education**  
Supplier is required to provide educational opportunity for underage individual



**Employment guarantee**  
Supplier is required to provide employment opportunity when the individual reaches legal age

## V. TRAINING AND CAPABILITY-BUILDING

### Apple Employee Training

All Apple employees and interns are required to complete mandatory annual Business Conduct training which educates on key points of Apple's Human Rights Policy, including the escalation path for potential violations. The Anti-Human Trafficking Policy describes the escalation process by which employees and other third-parties may report violations related to the policy to Apple's Business Conduct team or through anonymous reports via Apple's external third-party hotline. Any violation of the Anti-Human Trafficking Policy or applicable U.S. Federal Acquisition Regulation<sup>1</sup> may result in disciplinary action, including, but not limited to, termination of employment.

All Apple corporate employees are provided annually with information on key points in the Code as well as Apple's SR issue reporting process, and are instructed to report anything that might be considered a violation, including forced labor, trafficking, or ethical violations.

### Capability-Building for Apple Suppliers on Mitigating Trafficking Risks

Apple provides platforms, tools, and resources to support our suppliers in building their capabilities. Our SupplierCare platform provides online tools for suppliers to improve their operations and refine new processes. Through the platform, suppliers are able to collaborate with us to track their assessment results, develop corrective action plans for assessment findings, reference best practice resources, and monitor the progress of these improvements. SupplierCare extends capability-building by providing on-demand educational content to increase understanding of our Code and best practices to maintain compliance with our Standards, including foreign contract worker protections and the responsible sourcing of minerals. In 2020, we engaged over 1,050 suppliers with digital training content.

In addition to online resources, Apple deploys on-site experts from our Supplier Responsibility Subject Matter Expert ("SME") program to train and support suppliers, resolve immediate issues, and improve their management systems to prevent

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<sup>1</sup> Providers of goods and services to the U.S. Government are required to comply with the applicable Federal Acquisition Regulation and its requirements, which include a policy prohibiting activities that contribute to or support human trafficking and forced labor.

recurrence. Introduced in 2016, the SME team comprises more than 30 experts with robust industry experience and knowledge to solve both management and technical issues, including expertise in responsible labor recruitment, management of foreign contract workers, and the prevention of modern slavery. The SME team has worked with suppliers in Cambodia, China, India, Indonesia, Jamaica, Korea, Malaysia, Japan, the Philippines, Singapore, Thailand, United States, and Vietnam.

Certain suppliers, such as those providing retail janitorial and facilities services to Apple stores and other sites, also receive specialized training related to human trafficking prevention and debt-bonded labor risk mitigation specific to services supply chains.

### **Training on Workplace Rights**

Worker protection begins with rights awareness. Since 2008, 21.5 million people in Apple's supply chain have been trained on their workplace rights.

Under the Code and Standards, suppliers are required to educate their employees on Apple's Code and Standards, including the Prevention of Modern Slavery Standards. They must provide contracts that accurately describe an employee's work, a clear account of wages and benefits (including leave), and information on Apple's zero-tolerance policy on recruitment fees. Suppliers also are required to have their employees attend a new-hire orientation training on local labor laws and the human rights protections outlined in our Code and Standards.

In 2020, we began exploring new digital labor rights tools that leverage behavioral learning and data analytics to increase our engagement with rights-holders and amplify worker voice across our supply chain, while protecting the privacy and anonymity of workers. We are also testing a digital workplace dialogue platform that improves supplier management responsiveness to worker grievances and provides real-time information and transparency to workers on the grievance resolution process.

Beyond educating supplier employees on their rights, Apple currently partners with over 21 organizations that support grassroots activists, whistleblowers, and human rights defenders.

### **Responsible Labor Recruitment Training: FCWs and Labor Agencies**

While Apple requires suppliers to provide direct remedy to workers, we believe that truly eradicating debt-bonded labor means preventing it from happening in the first place. Through engaging FCW labor recruitment agents, we have taken steps to educate prospective FCWs about their workplace rights before they leave their country of origin. These efforts include a strengthening of the pre-departure orientations in which FCWs receive training on their labor rights, contract terms, the culture of their new country of employment, and how to anonymously report illegal practices or abuse. Since 2015, pre-departure orientations have trained FCWs from the Philippines, Indonesia, Nepal, and Vietnam.

To augment FCW rights awareness, we are also testing digital rights training tools on a range of labor rights, including anti-discrimination, harassment, zero recruitment fees, identity documents, zero tolerance for retaliation, and internal and external grievance reporting. Digital rights training will be delivered to workers pre-departure from their



country of origin and repeated when they arrive at their destination country workplaces to increase information retention.

We also provide training to labor recruitment agencies on topics such as conducting effective worker interviews and delivering comprehensive pre-departure training to FCWs. In 2019 to early 2020 (prior to the COVID-19 pandemic), five of the largest labor agencies employing foreign contract workers in our supply chain participated in these responsible labor recruitment trainings.

Following our risk-based mapping of FCW migration corridors, we strengthened our pre-departure orientation trainings in the Philippines and included labor agencies and civil society organizations that are certified by the government to carry out pre-departure trainings across all industries, strengthening rights awareness of FCWs traveling abroad to work in a range of sectors.

In 2019, we expanded our strategic partnership with the IOM to address the need for comprehensive, easy to use tools to conduct due diligence in the recruitment and ongoing employment of foreign workers. Consulting closely with stakeholders, we developed and tested the Responsible Recruitment Due Diligence Toolkit (the “Toolkit”).

The Toolkit, aligned with the OECD Due Diligence Guidance, offers suppliers and labor agents a comprehensive “how-to” guide with practical tools covering six core areas: embedding responsible recruitment into policies and management systems; identifying and assessing risks; preventing and mitigating risks; tracking implementation and results; communicating how risks are addressed; and providing access to remediation. The Toolkit is designed to be simple and easy for suppliers to adopt, and includes a self-assessment checklist, worker training records, a fees and expenses calculator, and a grievance and remediation tracker.

Aligned with internationally accepted standards and best practices, the Toolkit is now widely used in Apple’s supply chain. It is also designed for broad, global adoption across industries, and is being shared with other companies through the Responsible Business Alliance, the world’s largest industry coalition dedicated to corporate social responsibility in supply chains.

The Toolkit has been shared with manufacturing suppliers operating in high-risk migration corridors in Asia, as well as all of our logistics and janitorial suppliers operating globally. In Japan, Malaysia, Singapore, and Thailand, we worked with the IOM to translate and conduct training on the Toolkit in six languages. In total, nearly 150 suppliers across 20 countries were trained on the Responsible Recruitment Toolkit in 2020. Additional small, in-depth training sessions were provided to suppliers upon request in Australia, Japan, UK, U.S. and Vietnam to help them better understand the guidance provided by the toolkit and troubleshoot specific issues.

## **VI. GOING BEYOND: WORKING TOGETHER FOR PROGRESS**

Apple is committed to working in collaboration with stakeholders beyond its own supply chain to achieve industry-wide change. To do this, we engage with industry associations, civil society organizations, academics, UN agencies, and governments to

share our progress and promote best practices. We also convene regular stakeholder roundtables and expert groups to learn from others' perspectives and seek critical feedback on our programs.

A number of the organizations we work with, as well as the tools, training, and best practices we have developed and shared, are listed below:

### **International Labour Organization**

In addition to regular consultations with ILO labor experts, including engagements at the ILO's annual International Labour Conference, Apple is a member of the ILO Global Business Network on Forced Labor. In 2020, we also began engaging with the SCORE Academy in China which uses the ILO's SCORE training curriculum and methodology to promote worker involvement in improving working conditions in small and medium enterprises.

### **International Organization for Migration**

In addition to our collaboration on the Toolkit, Apple worked with IOM on the Remediation Guidelines for Victims of Exploitation in Extended Minerals Supply Chain, which outlines step-by-step approaches to be taken by companies, assessors, and smelters or refiners to mitigate issues in their sourcing supply chain. In 2020, we also worked with IOM to support migrant workers in the Philippines, extending support to labor agencies to provide safe transportation and psycho-social support for those workers displaced or otherwise impacted by COVID-19.

### **Responsible Business Alliance**

We continue to serve on the RBA Board of Directors, and the Steering Committees of the Responsible Minerals Initiative and the Responsible Labor Initiative.

### **The European Partnership for Responsible Minerals ("EPRM")**

The EPRM is a partnership between civil society, industry, and government focused on responsible mining and sourcing practices, and improving social and economic conditions for mining communities. Apple is a member of the EPRM.

### **Working Capital Fund**

Apple funds the Humanity United Working Capital Fund, an early-stage venture fund that invests in scalable innovations to meet the growing demand for more transparent and ethical supply chains, addressing the urgent need to protect vulnerable workers and to source responsibly.

### **Thomson Reuters Foundation**

In 2018, Apple was awarded the Thomson Reuters Foundation's Stop Slavery Award in recognition of Apple's efforts to eradicate forced labor from Apple's supply chains. In 2019, we expanded our work with survivors of human trafficking to Europe, and co-hosted an event in London focused on bringing awareness to human rights issues to mark the United Kingdom's Anti-Slavery Day. In 2020, we provided funding to Thomson Reuters Foundation for additional projects including training journalists on modern slavery reporting, increasing pro-bono legal support for trafficking and anti-modern slavery organizations, and convening multi-stakeholder platforms to raise awareness of and eradicate modern slavery worldwide.

## **VII. PUBLIC REPORTING**

Apple annually publishes a number of documents that detail and report on our commitment to respect human rights and eradicate modern slavery, including this Statement, Apple's Supplier Code of Conduct and Supplier Responsibility Standards, Apple's Supplier Responsibility Progress Report, and Apple's Conflict Minerals Report. These documents are available at [apple.com/supplier-responsibility](https://apple.com/supplier-responsibility).

## **VIII. CERTIFICATION**

To do business with Apple, suppliers must agree to operate in full compliance with all applicable laws and regulations, and adhere to our Code and Standards. Our Code and Standards go beyond compliance with existing law. Each year, we work to update and strengthen our Code and Standards, drawing on lessons learned from our supply chain due diligence, emerging best practices, and internationally recognized rights frameworks. Accordingly, by agreeing to comply with our Code and Standards, our suppliers are obligated to continue making progress to maintain compliance with our continually evolving high standards.

We are committed to respecting internationally recognized labor and human rights in our business and supply chain, and continue to work with others across industries towards the eradication of human trafficking and modern slavery worldwide.

## IX. SIGNATURE

In accordance with the UK Modern Slavery Act 2015 and guidance thereunder, this 2020 Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains was approved on 19 March, 2021 by the directors of each of Apple Europe Limited, Apple (UK) Limited, and Apple Retail UK Limited (as prior statements were in previous years in accordance with the Act) and has been signed by the undersigned director for and on behalf of each of Apple Europe Limited, Apple (UK) Limited, and Apple Retail UK Limited to the extent that this Statement relates to the activities of those respective entities.

A handwritten signature in black ink, appearing to read "P. R. Denwood", is positioned above a horizontal line.

Peter R. Denwood

Director

Dated: 26 March 2021